

**The Hackett Group, Inc.**  
**Supplemental Data Discussed During Q1 2022 Earnings Conference Call**

Q1 2022 US revenue before reimbursements year over year growth	16.5%
Q1 2022 US revenue before reimbursements as % of total revenue before reimbursements	90%
Q1 2022 international revenue before reimbursements as % of Company revenue before reimbursements	10%
Q1 2021 US revenue before reimbursements as % of total revenue before reimbursements	91%
Q1 2021 international revenue before reimbursements as % of Company revenue before reimbursements	9%
Q1 2022 % of recurring revenue before reimbursements to total Company revenue before reimbursements	approx. 20%
Q1 2022 total Company adjusted cost of sales	\$45.7M
Q1 2022 total Company adjusted cost of sales as % of revenue before reimbursements	60.8%
Q1 2021 total Company adjusted cost of sales	\$39.3M
Q1 2021 total Company adjusted cost of sales as % of revenue before reimbursements	62.0%
Q1 2022 total Company adjusted gross margin as % of revenue before reimbursements	39.2%
Q1 2021 total Company adjusted gross margin as % of revenue before reimbursements	38.0%
Q1 2022 total Company adjusted SGA	\$13.3M
Q1 2022 total Company adjusted SGA as % of total revenue	18.0%
Q1 2021 total Company adjusted SGA	\$12.4M
Q1 2021 total Company adjusted SGA as % of total revenue	20.0%
Q1 2022 total Company adjusted EBITDA	\$17.0M
Q1 2022 total Company adjusted EBITDA as % of total revenue	22%
Q1 2021 total Company adjusted SGA	\$12.6M
Q1 2021 total Company adjusted SGA as % of total revenue	20%
Q1 2022 % of offshore resources for Technology groups	approx. 40%

**The Hackett Group, Inc.****RECONCILIATION OF GAAP TO NON-GAAP MEASURES***(in thousands, except per share data)**(unaudited)***RECONCILIATION OF GAAP TO NON-GAAP MEASURES (ADJUSTED NET INCOME)**

	<b>Quarter Ended</b>	
	<b>April 1, 2022</b>	<b>April 2, 2021</b>
GAAP NET INCOME	\$ 10,505	\$ 6,361
Adjustments (1):		
Loss from discontinued operations (net of taxes) (2)	-	7
Non-cash stock compensation expense (3)	2,595	2,339
Acquisition-related compensation expense (4)	-	11
Acquisition-related non-cash stock compensation expense (4)	4	248
Amortization of intangible assets (5)	144	261
ADJUSTED NET INCOME BEFORE INCOME TAXES (1)	13,248	9,227
Tax effect of adjustments above (6)	695	710
Adjusted income tax expense (benefit) (7)	460	(248)
ADJUSTED NET INCOME (1)	<u>\$ 12,093</u>	<u>\$ 8,765</u>
GAAP diluted net income per common share	\$ 0.33	\$ 0.19
Adjusted diluted net income per common share (1)	\$ 0.38	\$ 0.27
Weighted average common and common equivalent shares outstanding	31,844	32,769

(1) The Company provides adjusted earnings results (which exclude the amortization of intangible assets, non-cash stock compensation expense, acquisition-related one-time expense, restructuring charges, asset impairments, and include a normalized tax rate, which is our long-term projected cash tax rate) as a complement to results provided in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP results are provided to enhance the users' overall understanding of the Company's current financial performance and its prospects for the future. The Company believes the non-GAAP results provide useful information to both management and investors and by excluding certain expenses that it believes are not indicative of its core operating results. The non-GAAP measures are included to provide investors and management with an alternative method for assessing operating results in a manner that is focused on the performance of ongoing operations and to provide a more consistent basis for comparison between quarters. Further, these non-GAAP results are one of the primary indicators management uses for planning and forecasting in future periods. In addition, since the Company has historically reported non-GAAP results to the investment community, it believes the continued inclusion of non-GAAP results provides consistency in its financial reporting. The presentation of this additional information should not be considered in isolation or as a substitute for results prepared in accordance with GAAP.

(2) Discontinued operations relate to the discontinuance of the Company's European Working Capital group, which is adjusted from the GAAP net income as it is not part of the Company's ongoing results of operations.

(3) Non-cash stock compensation expense is accounted for under Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation. The Company excludes stock-based compensation expense and the related tax effects for the purposes of adjusted net income and adjusted diluted earnings per share. The Company believes that non-GAAP measures of profitability, which exclude stock-based compensation, are widely used by investors.

(4) The Company incurs cash and stock compensation expense for acquisition related consideration that is recognized over time under GAAP. The Company believes excluding these amounts more consistently present its ongoing results of operations because they are related to acquisitions and not due to normal operating activities. The acquisition-related non-cash stock compensation expense is also accounted for under Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation.

(5) The Company has incurred expense on amortization of intangible assets related to various acquisitions. The Company excludes the effect of the amortization of intangibles from our adjusted results in order to more consistently present its ongoing results of operations.

(6) The adjustment for the income tax expense is based on the accounting treatment and income tax rate for the jurisdiction of each item (the impact of non-cash stock compensation was \$0.7 million and \$0.7 million in 2022 and 2021, respectively, and the impact of intangible amortization was \$29 thousand and \$52 thousand in 2022 and 2021, respectively).

(7) To compute adjusted net income, the Company has reflected an adjustment to arrive at an adjusted effective tax rate of 25% after taking into consideration the tax effect of adjusted items reflected in the Reconciliation of GAAP to Non-GAAP Measures.

#### RECONCILIATION OF GAAP TO NON-GAAP MEASURES (ADJUSTED EBITDA)

	April 1, 2022	April 2, 2021
GAAP NET INCOME	\$ 10,505	\$ 6,361
Add back:		
Income tax expense (benefit)	2,876	2,460
Interest expense	28	25
Depreciation	802	874
Amortization	144	261
EBITDA	14,355	9,981
Adjustments:		
Loss from discontinued operations (net of taxes)	-	7
Non-cash stock compensation expense	2,595	2,339
Acquisition-related compensation expense	-	11
Acquisition-related non-cash stock compensation expense	4	248
ADJUSTED EBITDA	<u>\$ 16,954</u>	<u>\$ 12,586</u>

#### RECONCILIATION OF GAAP TO NON-GAAP MEASURES (ADJUSTED GROSS MARGIN)

	April 1, 2022	April 2, 2021
Revenue:		
Revenue before reimbursements	\$ 75,108	\$ 63,410
Reimbursements	556	76
Total revenue	75,664	63,486
Costs and expenses:		
Cost of service:		
Personnel costs before reimbursable expenses (includes \$1,666 and \$1,847 of stock compensation expense in 2022 and 2021, respectively)	47,333	41,170
Reimbursable expenses	556	76
Total cost of service	47,889	41,246
GAAP GROSS MARGIN	27,775	22,240
Adjustments:		
Non-cash stock compensation expense	1,662	1,599
Acquisition related compensation expense (benefit)	-	11
Acquisition-related stock compensation expense	4	248
ADJUSTED GROSS MARGIN	<u>\$ 29,441</u>	<u>\$ 24,098</u>

**RECONCILIATION OF GAAP TO NON-GAAP MEASURES (ADJUSTED COS)**

	<b>April 1, 2022</b>	<b>April 2, 2021</b>
GAAP TOTAL COST OF SERVICE	\$ 47,889	\$ 41,253
Adjustments:		
Loss from discontinued operations (net of taxes)	-	(7)
Non-cash stock compensation expense	(1,662)	(1,599)
Acquisition related compensation expense (benefit)	-	(11)
Acquisition-related stock compensation expense	(4)	(248)
Reimbursable expenses	(556)	(76)
ADJUSTED COS	<u>\$ 45,667</u>	<u>\$ 39,312</u>

**RECONCILIATION OF GAAP TO NON-GAAP MEASURES (ADJUSTED SGA)**

	<b>April 1, 2022</b>	<b>April 2, 2021</b>
GAAP SELLING, GENERAL AND ADMINISTARTIVE COSTS	\$ 14,366	\$ 13,387
Adjustments:		
Non-cash stock compensation expense (3)	(933)	(740)
Amortization expense	(144)	(261)
ADJUSTED SGA	<u>\$ 13,289</u>	<u>\$ 12,386</u>